

Message Text

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ACTION EA-09

INFO OCT-01 AS-01 NEA-10 IO-13 ISO-00 CIAE-00 DODE-00

PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 SNM-02 ACDA-07 AID-05

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FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 3763

INFO CINCPAC

AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMCONSUL MANDALAY

AMEMBASSY BANGKOK

DEA BANGKOK

AMCONSUL CHIANG MAI

AMEMBASSY KATHMANDU

AMEMBASSY NEW DELHI

USLO PEKING

AMEMBASSY VIENTIANE

USMISSION GENEVA

C O N F I D E N T I A L SECTION 1 OF 2 RANGOON 1960

E.O. 11652: GDS

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SUBJ: JOINT WEEKA #26, JULY 1-8

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1. UNFDAC LIAISON OFFICER NAMED (LOU)

THE GUB HAS FINALLY APPROVED THE APPOINTMENT OF A LIAISON OFFICER TO HEAD UP THE LOCAL UNFDAC PROGRAM. MR. PHILIP ZEALEY OF THE UNITED KINGDOM WILL ARRIVE IN LATE SEPTEMBER TO TAKE UP HIS DUTIES.

COMMENT: THE GUB APPROVAL FOR A NON-BURMESE LIAISON OFFICER TOOK FAR LONGER THAN ANTICIPATED. UNITED NATIONS DIS-

PLEASURE WAS REFLECTED BY A RELUCTANCE TO ISSUE FUNDS AS ORIGINALLY PROJECTED. UNITED NATIONS PRESSURE ON THE BURMESE CULMINATED IN EARLY MAY WITH THE VISIT OF MR. A. SAENGER, DEPUTY DIRECTOR, OPERATIONS, UNITED NATIONS DIVISION OF NARCOTIC DRUGS, AND MR. A. MACKENZIE, SENIOR ADVISER TO THE EXECUTIVE DIRECTOR, UNFDAC, AT WHICH TIME THE GUB WAS NOTIFIED THAT CUTS WOULD BE MADE IN THE INITIAL SIX MILLION DOLLAR AGREEMENT. GUB APPROVAL OF MR. ZEALEY WAS MOST LIKELY SPEEDED UP AS A RESULT OF THE SAENGER/MACKENZIE VISIT.

2. NARCOTICS ARRESTS AND SEIZURES (UNC)

ON JULY 1 A TOWNSHIP COURT IN RANGOON SENTENCED AN 18 YEAR OLD YOUTH TO FIVE YEARS IMPRISONMENT FOR POSSESSION OF MARIJUANA. THE YOUTH HAD BEEN PICKED UP WITH ONE CHEROOT STUB CONTAINING MARIJUANA AND ONE PACKET OF MARIJUANA.

COMMENT: ALTHOUGH THE 1974 NARCOTIC DRUG LAW STIPULATES A FIVE YEAR SENTENCE FOR POSSESSION OF DRUGS (INCLUDING MARIJUANA), WE HAVE RARELY SEEN SUCH A SEVERE SENTENCE METED OUT FOR MARIJUANA POSSESSION, PARTICULARLY IN CASES OF SUCH SMALL AMOUNTS AND WITHOUT EVIDENCE OF TRAFFICKING.

3. NEW F-28 ARRIVES FOR BAC (UNC)

BURMA AIRWAYS CORPORATION'S NEWEST JET, AN F-28 MK 4000, ARRIVED IN RANGOON ON JULY 3. THE NEW AIRCRAFT WILL BE USED ON BAC'S INTERNATIONAL FLIGHTS TO BANGKOK, CALCUTTA AND KATHMANDU. IT ALSO OPENS THE POSSIBILITY THAT BAC MAY RESUME FLIGHTS TO CONFIDENTIAL

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HONG KONG AT THE EARLIEST OPPORTUNITY.

4. MANDALAY BLACK MARKET SLUMPS (CONF)

AMCONSUL MANDALAY DEPTCTS THAT THE BLACK MARKET IN THAT CITY HAS FALLEN ON HARD TIMES AS LACK OF CONSUMER DEMAND HAS FORCED DOWN PRICES FOR NEARLY ALL ITEMS. THIS DROP IN DEMAND APPEARS TO STEM FROM A SHORTAGE OF DISPOSABLE INCOME. MAJOR FACTORS BEHIND THE ECONOMIC SLUMP ARE POOR WEATHER CONDITIONS WHICH THREATEN THE (#)

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WHICH HAS REDUCED INCOMES OF THOSE DEPENDENT ON THIS TRADE. THE LESS-THAN-NORMAL RAINFALL IN THE MANDALAY AREA HAS SO FAR PREVENTED EXTENSIVE PLANTING OF THE CURRENT RICE CROP AND THE ANTICIPATED POOR HARVEST HAS CAUSED MANY PEOPLE TO POSTPONE PURCHASES OF LESS ESSENTIAL BLACK MARKET GOODS. IT HAS ALSO RESULTED IN INCREASED RICE PRICES, THUS FURTHER ERODING BUYING POWER FOR OTHER ITEMS. MANY LOCAL OBSERVERS, HOWEVER, RITE

THE STAGNATION OF THE ILLICIT OPIUM AND JADE TRADE AS THE MAIN CAUSE OF THE PRESENT RECESSION. INDIVIDUALS WHO PROFITED FROM THIS TRADE, EITHER DIRECTLY OR INDIRECTLY, WERE THE MAJOR CUSTOMERS FOR BLACK MARKET GOODS, PARTICULARLY LUXURY-TYPE ITEMS. NOW THAT THESE PROFITS ARE NO LONGER FLOWING INTO THE MANDALAY AREA, THE BLACK MARKET, WHICH IS VERY SENSITIVE TO SHIFTS IN SUPPLY AND DEMAND, IS FEELING THE PINCH OF REDUCED CONSUMER SPENDING.

NOTE BY OC/T: RANGOON 1960/01 (#) OMISSION CORRECTION TO FOLLOW.

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C O N F I D E N T I A L SECTION 2 OF 2 RANGOON 1960

5. ALL QUIET ON ANNIVERSARY OF DESTRUCTION OF STUDENT UNION (LOU)

JULY 7 MARKED THE FIFTEENTH ANNIVERSARY OF THE DESTRUCTION OF THE STUDENT UNION BUILDING AT RANGOON UNIVERSITY AND THE KILLING OF A NUMBER OF STUDENTS BY BURMA ARMY TROOPS IN A SUCCESSFUL EFFORT TO QUELL STUDENT RIOTS.

THE EVENT AND THE DATE HAVE BECOME RALLYING POINTS FOR ANTI-NE WIN ELEMENTS, PARTICULARLY STUDENTS, AND EACH YEAR AS THE DATE APPROACHES, SECURITY IN RANGOON IS TIGHTENED. THIS YEAR ANTI-GOVERNMENT PAMPHLETS BEING DISTRIBUTED ON RANGOON UNIVERSITY CAMPUS, SOME CALLING FOR DEMONSTRATIONS ON THE ANNIVERSARY DATE,
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CAUSED THE GUB TO INVOKE STRICT SECURITY MEASURES. UNIVERSITY OFFICIALS WERE WARNED TO KEEP A TIGHT REIN ON THEIR STUDENTS; A LARGE NUMBER OF STUDENTS REGARDED AS POTENTIAL TROUBLEMAKERS WERE DETAINED BY POLICE UNTIL THE OMINOUS DATE HAD PASSED; SECURITY CHECK POINTS WERE ESTABLISHED ON MAJOR THOROUGHFARES IN RANGOON AND PASSING AUTOMOBILES WERE SEARCHED FOR CONTRA-BAND; AND A NUMBER OF LOCAL RESIDENTS AND SOME DIPLOMATIC PERSONNEL CLAIMED THAT POLICE WITH RIOT SHIELDS WERE QUIETLY DEPLOYED NEAR THE UNIVERSITY. HOWEVER, JULY 7 PASSED TOTALLY WITHOUT INCIDENT.

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